

Kentucky Agricultural Development Board

Minutes of the January Board Meeting

The regular meeting of the Kentucky Agricultural Development Board was held on **January 17, 2003** at **10:15 a.m.**, at the Capitol, Room 110. Commissioner Billy Ray Smith, Vice-Chairman, presiding, called the meeting to order, and the Secretary called the roll.

Members Present

Vickie Yates Brown, Danny Case, Susan Harkins, Sam Lawson, Sam Moore, Eddie Sellers, Commissioner Smith, Dean M. Scott Smith

Members Absent

Larry Clay, Seth Conner, Wayne Hunt, Willa H. Poynter, Mike Slaughter, Smith Mitchell designee for Secretary Strong

Others Present

Staff – David Bratcher, Penny Cline, Sandy Gardner, John-Mark Hack, Bruce Harper, Jeff Harper, Maggie May, Bill McCloskey, Jeff Mosley, Joel Neaveill, Brad Wellons, Steve Yates **Guests** – Linda Johnson, Center for Information Technology Enterprise (CITE); Jean-Marie Lawson, CITE; John Higgins, CITE; Biff Baker, Legislative Research Commission (LRC); David Switzer, KY Thoroughbred Association; Rick Alexander, Commodity Growers Cooperative; Mark Newman, Market Solutions, LLC; Perry Nutt, LRC; Stephen A. Coleman, Division of Conservation; Chris Kummer, KY Soybean Association

Notification of Media

Commissioner Smith received verification from John-Mark Hack that the media had received notice regarding the Agricultural Development Board meeting.

Welcome

Commissioner Smith welcomed the Board and guests to the meeting.

Approval of Minutes

The minutes of the December 20, 2002 meeting were approved as presented.

Executive Director's Report

John-Mark Hack introduced three new staff members: Marjorie May (Maggie), Project Analyst; Brad Wellons, Project Analyst; and Josh Benton, Intern.

Mr. Hack presented a draft resolution related to the continuation of the Agricultural Development Fund. Mr. Hack noted the importance of acting on this resolution is that the deadline for filing legislation this session is February 11, 2003. *[A copy of the resolution is on file with the Board Secretary.]*

Commissioner Smith opened the floor for discussion.

Vickie Yates Brown questioned the need for the phrase “...by legislation, if necessary...” in paragraph 1. If we need legislation, then leave it in, but if not, then we should leave it out.

Ms. Brown asked if it is possible to add a “why” to the first bullet point. Suggestion: “We want to continue the commitment because...”

Ms. Brown questioned the use of “institutionalization” in the second bullet point. Suggested word: “continuation of,” “adoption of.”

Ms. Brown questioned the use of “security” in the third bullet point. Suggestions: “Ensure program and project continuity, including the security of staff...”

Commissioner Smith questioned the use of “permanent” in the second bullet point. Suggestions: “on-going,” leave out the word entirely. Mr. Mosley suggested leaving the second point out because the Agricultural Development Board already exists in the Kentucky Revised Statutes.

Dean Scott Smith shared his concerns with the resolution. Dean Smith stated that he is fine with the resolution, but would like the Board to be informed about any proposed legislation that might be filed. Dean Smith would like the Board to have the ability to provide comment, either by phone, fax, or e-mail.

Sam Moore brought Ms. Brown’s point about the “...by legislation, if necessary...” phrase back to the table.

Ms. Brown suggested providing more detail to the resolution so that the Board and staff are on the same page when discussing the program with legislators.

Mr. Hack read the resolution with the changes suggested thus far.

Ms. Brown suggested keeping one page and putting the “why-we-want-to-do-this” points as the beginning: “Whereas, this board has done...” followed by “We resolve that ...”

Mr. Mosley took the suggestions and drafted a revised resolution for consideration later in the meeting.

Mr. Hack reviewed the agenda for the meeting.

Mr. Hack introduced Chris Kummer, KY Soybean Promotion Board, to present the results of the Soybeans for Food Uses. Commissioner Smith noted that Mr. Kummer's family received KY Farm Bureau's Farm Family of the Year Award. Mr. Kummer provided an overview of the project and introduced Mark Newman, Market Solutions, LLC.

Mr. Newman highlighted the main foci of the study and presented the results of the study.

Dean Smith asked how many is "many." Dean Smith also asked if "non-GMO" and "organic" are required together for success or can they stand alone. Mr. Newman addressed Dean Smith's questions.

Commissioner Smith asked about roasted soybeans, as related to the snack food market. Mr. Newman expanded on this segment.

Mr. Moore noted that everyone in the country is looking at the same issues, and asked if there is niche that Kentucky can capture. Mr. Newman commented on this.

Mr. Sellers asked about the potential that could go to the farmer, regarding the processing facility. Mr. Newman addressed this question. Mr. Kummer added that the vision is that the facility would be a farmer-owned cooperative. Mr. Kummer expanded on the specific products the cooperative would produce.

Ms. Brown asked if they would be producing a certifiable product. Mr. Kummer stated that there would be third party verification of the inputs.

Commissioner Smith asked if there were check-off funds available for such a value-added project. Mr. Kummer addressed this question.

Susan Harkins asked, in light of the comparison to the "designer wine" industry, if they would want to get beyond the 600,000 bushels. Mr. Newman addressed the question. Ms. Harkins commented on the desire for these kinds of soy products [organic, non-GMO].

Mr. Lawson commented on the Board's interest in this project with regard to opening markets for Kentucky farmers.

Mr. Moore commented on current price farmers receiving for non-GMO beans. Mr. Kummer expanded on this comment.

Ms. Harkins asked about the number of acres required to obtain the 600,000 bushels. Mr. Newman expanded on this question and related issues.

Dean Smith asked Mr. Kummer about next steps. Mr. Kummer shared those steps and shared conversations he has had with soy food companies.

Commissioner Smith gave Mr. Kummer some suggestions, as they proceed with their project.

Commissioner Smith closed discussion.

Mr. Mosley distributed the revised resolution for the Board's review and decision. Commissioner Smith opened the floor for discussion. *[A copy of the revised resolution is on file with the Board Secretary.]*

Mr. Hack restated a phrase that Ms. Brown asked be added: "Whereas, addressing the needs for farmers in our state's most tobacco dependent areas requires a long-term public commitment." This phrase will be inserted before the last "Whereas" phrase."

Ms. Harkins moved that the revised resolution be adopted; Mr. Lawson seconded the motion. The motion passed without dissent.

Referral of August Projects¹

Mr. Hack presented projects A2002-0681 through A2002-0020 for referral to the Board's Project Review Committees. Mr. Case moved that "projects A2002-0681 through A2002-0020 be referred the Board's Project Review Committees;" Ms. Harkins seconded the motion. The motion passed without dissent.

Approval of Model Programs²

Mr. Hack submitted projects A2002-0489, A2002-0639, A2002-0645, and A2002-0670 as projects meeting the model **Agricultural Diversification Program** guidelines. Mr. Moore moved that same be approved as model Agricultural Diversification programs; Dean Smith seconded the motion. The motion passed without dissent.

Mr. Hack submitted projects A2002-0672 and A2002-0680 as projects meeting the model **Forage Improvement & Utilization Program** guidelines. Mr. Case moved that same be approved as model Forage Improvement & Utilization Programs; Mr. Sellers seconded the motion. The motion passed without dissent.

Mr. Hack submitted projects A2002-0658 and A2002-0674 as projects meeting the model **Genetics Improvement Program** guidelines. Mr. Case moved that same be approved as a model Cattle Genetics Improvement Program; Ms. Brown seconded the motion. The motion passed without dissent.

Mr. Hack submitted projects A2002-0640 as a project meeting the model **Goat Diversification Program** guidelines. Mr. Sellers moved that same be approved as model Goat Diversification Programs; Mr. Case seconded the motion. The motion passed without dissent.

Dean Smith inquired about the status of the goat study. Mr. Mosley addressed the question. Steven Yates projected that the study would be completed by mid-March.

¹ A detailed list of the referred projects is attached as Appendix A.

² A detailed list of projects funded under each model program category is attached as Appendix B.

Mr. Hack submitted projects A2002-0648, A2002-0659, A2002-0682, and A2002-0691 as projects meeting the model **Cattle Handling Facilities Program** guidelines. Mr. Case moved that same be approved as model Cattle Handling Facilities Programs; Mr. Sellers seconded the motion. The motion passed without dissent.

Mr. Hack submitted projects A2002-0491 and A2002-0663 as projects meeting the model **Hay, Straw & Grain Storage Program** guidelines. Mr. Case moved that same be approved as model Hay, Straw & Grain Storage Programs; Mr. Sellers seconded the motion. The motion passed without dissent.

Mr. Hack presented amendments to the **Goat Diversification Program** guidelines. The amendments would add small livestock scales, establish a minimum age for bucks and amend ownership requirements of bucks and does. Ms. Harkins moved that the proposed amendments to the Goat Diversification Program guidelines be approved; Mr. Sellers seconded the motion. The motion passed without dissent. *[A copy of the proposed amendments is on file with the Board Secretary.]*

Committee Reports

Blue Project Review Committee

Vickie Yates Brown reported for the Blue Project Review Committee (PRC). Ms. Brown noted that the Blue PRC is presenting two (2) projects for funding consideration.

Ms. Brown presented application **A2002-0587**. The application received a high priority from Jessamine County. The applicant, **FFA Alumni Association**, requests \$6,000 in Jessamine County Agricultural Development Funds to establish a cost-share of up to \$500 for FFA and 4H students' projects for the year 2003. These funds will help students invest in projects in the field of agriculture and will require students to prepare a projection of the project cost and keep records of the success or failure of their venture. FFA and 4H students would submit applications of their projects and the funding requirements. By funding an initial 50% cost-share students would be expected to be able to fund their own project the following year with no cost-share assistance. Ms. Brown reviewed the proposed terms and conditions for the project. Ms. Brown moved that project A2002-0587 be approved for \$6,000 in Jessamine County Agricultural Development Funds; Mr. Sellers seconded the motion.

Commissioner Smith asked about the small amount of funds and the number of youth it would affect. Jeff Harper addressed the question and stated that from last year's request they will be carrying \$4,000 over to this project.

Ms. Brown presented application **A2002-0643**. The application received a high priority from Ballard County. The applicant, **Ballard County Conservation District**, is requesting \$74,000 of Ballard County Agricultural Development Funds to administer a precision agriculture program which will allow progressive grain farmers in Ballard County to adopt equipment that should allow for more efficiency, be more environmentally friendly, and increase profits for grain production. Said equipment shall include precision agriculture guidance systems for efficiency and yield monitoring equipment for sound production

decision-making. Ms. Brown reviewed the proposed terms and conditions for the project. Ms. Brown moved that project A2002-0587 be approved for \$74,000 of Ballard County Agricultural Development Funds; Mr. Case seconded the motion. The motion passed without dissent.

Red Project Review Committee

Sam Lawson reported for the Red Project Review Committee (PRC). Mr. Lawson noted that the Red PRC is presenting two (2) projects for funding consideration.

Mr. Lawson presented application **A2002-0662**. The application received a high priority from Bracken County. The applicant, **Bracken County Agricultural Development Council**, requests \$15,750 in Bracken County Agricultural Development Funds to establish a cost-share of up to \$500 for FFA and 4H students' projects. These funds will assist students invest in projects in the field of agriculture and will require students to prepare a projection of the project cost and keep records of the success or failure of their venture. FFA and 4H students would submit applications for their projects and the funding requirements. By funding an initial 50% cost-share students are expected to be able to fund their own project the following year with no cost-share assistance. Mr. Lawson reviewed the proposed terms and conditions for the project. Mr. Lawson moved that application A2002-0662 be approved for \$15,750 in Bracken County Agricultural Development Funds; Ms. Brown seconded the motion. The motion passed without dissent.

Mr. Lawson presented application **A2002-0678**. The application received a high priority from Green County. The applicant, **Technology for Green County High School Agriculture Department**, requests \$2,675 in Green County Agricultural Development Funds to expand the school's agricultural department's technological resources, so that the future agricultural leadership and workforce may be better trained and introduced to different areas of agriculture. The funds would be used to purchase Computer Programs, Lab Kits, CD-ROMS, Videos, a Projector and GPS literature. Mr. Lawson reviewed the proposed terms and conditions for the project. Mr. Lawson moved that application A2002-0678 be approved for \$2,675 in Green County Agricultural Development Funds; Ms. Brown seconded the motion. The motion passed without dissent.

Review of Amendments

Mr. Hack presented the following amendment for approval.

Application **A2001-0340, Green River Area Beef Improvement Group, Inc.**, was originally approved for \$30,000 on August 17, 2001. The applicant requests a decrease in the project funds for the Cattle Genetics Program of \$5,000. This amount is to be reallocated to A2002-0691 (Cattle Handling Facilities). Approval of this request will amend funds allocated to the project to \$25,000.

Application **A2002-0204, Grayson County Cattlemen's Association**, was originally approved for \$50,000 on April 19, 2002. The applicant requests a decrease in the project funds for the Cattle Genetics Program of \$50,000. This amount is to be reallocated to

other programs, as needed. Approval of this request will amend funds allocated to the project to \$0.00. [Grayson Co. has administered \$100,000 in the Cattle Genetics Program through other project numbers.]

Application **A2001-0835, Estill County Conservation District**, was originally approved for \$157,700 on December 21, 2001. The applicant requests a decrease in the project funds for the Forage Improvement Program of \$12,847. This amount is to be reallocated to project A2002-0672 for shared-use equipment. Approval of this request will amend funds allocated to the project to \$144,853.

Application **A2002-0253³, Carlisle County Conservation District**, was originally approved for \$25,375 on April 19, 2002. The applicant requests a decrease in the project funds for the Genetic Improvement Program of \$12,500. This amount is to be reallocated to other programs, as needed. Approval of this request will amend funds allocated to the project to \$12,875.

Ms. Harkins moved that the entire list of amendments be approved as presented; Dean Smith seconded the motion. The motion passed without dissent.

KCADE Proposals

Mr. Hack introduced representatives of the REAP project to answer questions about their project. Mr. Hack presented the project for Board approval. Mr. Lawson moved for approval of this project; Ms. Harkins seconded the motion. Commissioner Smith opened the floor for discussion.

Mr. Lawson commented on the project.

Mr. Case asked how this project's website is different than the Department of Agriculture's website. Mr. Lawson stated that the project's web portal is interactive, whereas the Department's web site is informative, not interactive. Mr. Lawson also noted that this request is a feasibility study. Mr. Lawson yielded the floor to Dr. Linda Johnson, President of the Center for Information Technology Enterprise (CITE).

Commissioner Smith asked about the three phases of the project. Dr. Johnson yielded the floor to John Higgins, who would be the project manager should the proposal receive funding. Mr. Higgins explained the three phases of the project.

Dr. Johnson provided a synopsis of exactly what CITE is and what they do.

Ms. Brown clarified what the purpose of the proposal is and what we [the Board] will get out of it.

Dean Smith noted that UK won the first Distance Learning award for its program. Dean Smith commented on the 50th ranking of farmer computer literacy. Dean Smith commented on the number of computer literacy opportunities currently

³ This is a correction to the application number (A2001-0253) listed in the Board book. All other information listed for this amendment was correct.

available. The biggest issue is reaching those who do not take advantage of these programs. Two other issues are architectural / hardware compatibility and content development / update. Dean Smith noted that he is in favor of the project, but warned that we [the Board] needs to be very careful in developing any large scale project given the issues.

Ms. Brown commented that something else that could be looked at is how to entice farmers out to those current programs. Mr. Lawson commented that the “free computer” at the end of a training program could be an enticement. Ms. Brown reiterated that the programs need to be geared toward their [farmers'] daily lives.

Mr. Moore reiterated that we [the Board] are being asked to fund a study to see what we need to do in Kentucky.

Mr. Sellers shared his concerns with the proposal. Mr. Sellers asked how this project is going to zero-in on the tobacco-impacted communities. Dr. Johnson addressed the question.

Commissioner Smith noted that the funds would come from the KY Center for Agricultural Development & Entrepreneurship.

Commissioner Smith closed discussion. He clarified that it is a 12-week project. Dean Smith called the question. Upon the suggestion of Mr. Case, Mr. Lawson noted that his daughter is an employee of CITE, recalled his motion, and recused himself from the vote. Ms. Harkins moved that the REAP proposal be approved for \$48,720 of KCADE funds; Mr. Case seconded the motion. The motion passed without dissent.

Mr. Hack presented a memo regarding the KY Horticultural Council's project. The KY Horticultural Council is requesting a budget change to move \$20,000 designated for the KY Department of Agriculture to be moved to the KY Center for Cooperative Development for the purpose of developing a Produce Federation (Alliance) in Kentucky. Dean Smith moved that the requested change be approved; Mr. Moore seconded the motion. The motion passed without dissent.

Mr. Hack presented a memo regarding the KY Aquaculture Association (KAA). KAA requests up to \$15,000 in KCADE funds to underwrite up to one-half of the registration for Kentucky aquaculture producers attending the meeting. This amount would allow up to 80 producers to receive 50% reimbursement. Should more than 80 producers request reimbursement, then the amount of reimbursement will be determined by dividing \$15,000 by the total number of requesting producers. Mr. Lawson moved that this request be approved; Ms. Brown seconded the motion. The motion passed without dissent. Ms. Harkins recused herself due to her association with KAA.

Recommendations for No Funding⁴

Mr. Hack presented projects A2001-0825, A2002-0527, and A2002-0638 as projects recommend for no funding by the project review committees. Mr. Lawson moved that no funding be awarded to same; Mr. Case seconded the motion. The motion passed without dissent.

Other Business

Mr. Hack noted that we are awaiting the appointment of the Agricultural Finance Corporation members.

Mr. Hack noted that there would not be a meeting with the HB 611 Oversight Committee after this meeting, due to weather.

Mr. Hack distributed the list of new project analyst area responsibilities. Mr. Hack reviewed the new assignments. These assignments are based on the proposed new Extension Districts, which combine two current Extension Areas.

Closing Remarks

Dean Smith commented on Extension's proposed change from Extension Areas to Districts.

Ms. Brown asked about the on-farm water program. Mr. Hack verified that the possibilities for this program are being investigated. Mr. J. Harper commented on meetings with other agencies regarding this program and on the status of the program itself.

The next meeting of the Kentucky Agricultural Development Board will convene at 10:00 a.m. on Friday, February 14, 2003 at Kentucky History Center, Brown-Forman Room. Note time and location of meeting subject to change; ample notification will be given if such a change occurs.

The meeting adjourned at 1:10 p.m.

APPROVED: _____

PRESIDING OFFICER: _____

SECRETARY: _____

⁴ Detailed list of projects for a no funding recommendation listed in Appendix C.

APPENIDIX A: *Referred to Project Review*

Applications A2002-0681 to A2003-0020

<i>Appl #</i>	<i>Project Name</i>	<i>Project Type</i>
A2002-0681	Montgomery County Cattlemen's Association	Handling Facilities Cost Share
A2002-0682	Grayson County Cattlemen's Association, Inc.	Handling Facilities Cost Share
A2002-0683	Kentucky Forage and Grasslands Council	Project
A2002-0684	Princeton Recreational, Tourist and Convention Commission	Project
A2002-0685	Northern Kentucky Meat Goat Association	
A2002-0686	Carlisle County Conservation District	Handling Facilities Cost Share
A2002-0687	Carlisle County Conservation District	Genetics Improvement
A2002-0688	Carlisle County Conservation District (WITHDRAWN)	Forage Improvement
A2002-0689	Mercer County Farm Bureau	Agricultural Diversification
A2002-0690	Union County Beef Cattle Association, Inc.	Project
A2002-0691	Green River Beef Improvement Group, Inc.	Handling Facilities Cost Share
A2003-0001	Western Kentucky Goat Producers Association Inc.	Goat Diversification
A2003-0002	Marshall County Conservation District	Project
A2003-0003	Pulaski County Agriculture Advancement Council	Agricultural Diversification
A2003-0004	Lee County Conservation District	
A2003-0005	Central Kentucky Grower's Association	Project
A2003-0006	Mountain Cattlemen's Association	Handling Facilities Cost Share
A2003-0007	Wilderness Trail Area Marketing Alliance	
A2003-0008	Bourbon County Fiscal Court	Goat Diversification
A2003-0009	KCTCS/ Maysville Community College	
A2003-0010	Jessamine County Beef Cattle Association Inc.	Hay, Straw and Grain Storage
A2003-0011	Jessamine County Beef Cattle Association	
A2003-0012	Mason County Livestock Improvement Association	Genetics Improvement

APPENIDIX A: *Referred to Project Review*

<i>Appl #</i>	<i>Project Name</i>	<i>Project Type</i>
A2003-0013	Franklin County Conservation District	Project
A2003-0014	University of Kentucky Research Foundation	Project
A2003-0015	Mercer County Conservation District	Forage Improvement
A2003-0016	Jessamine County Beef Cattle Association	Project
A2003-0017	Wolfe County Conservation District	Agricultural Diversification
A2003-0018	Nicholas County Fiscal Court	Handling Facilities Cost Share
A2003-0019	Nicholas County Fiscal Court	
A2003-0020	Mason County Livestock Improvement Association	Genetics Improvement

APPENIDIX B: *Model Program Lists*

Agricultural Diversification

App #	Project Name	County	Funds
A2002-0645	Rowan County Agriculture Diversification Council	Rowan	\$25,000.00
A2002-0639	Russell County Dairy Advancement Council	Russell	\$173,000.00
A2002-0489	Green River Feeder Calf Association Inc.	Taylor	\$30,000.00
A2002-0670	Woodford County Agriculture Advancement Council	Woodford	\$98,081.00
Sub Total			\$326,081.00

Forage Improvement

App #	Project Name	County	Funds
A2002-0680	Caldwell County Conservation District	Caldwell	\$21,352.00
A2002-0672	Estill County Conservation District	Estill	\$12,847.00
Sub Total			\$34,199.00

Genetics Improvement

App #	Project Name	County	Funds
A2002-0674	Grayson County Cattlemen's Association	Grayson	\$25,000.00
A2002-0658	Magoffin County Cattle Association	Magoffin	\$26,250.00
Sub Total			\$51,250.00

Goat Diversification

App #	Project Name	County	Funds
A2002-0640	Central Kentucky Meat Goat Producers, Inc.	Russell	\$20,000.00
Sub Total			\$20,000.00

Handling Facilities Cost Share

App #	Project Name	County	Funds
A2002-0682	Grayson County Cattlemen's Association, Inc.	Grayson	\$15,000.00
A2002-0691	Green River Beef Improvement Group, Inc.	Henderson	\$5,000.00
A2002-0659	Magoffin County Cattle Association	Magoffin	\$26,250.00
A2002-0648	Rowan County Extension Council	Rowan	\$12,500.00
Sub Total			\$58,750.00

Hay, Straw and Grain Storage

App #	Project Name	County	Funds
A2002-0663	Bracken County Agricultural Advancement Council	Bracken	\$210,000.00
A2002-0491	Taylor County Farm Bureau Federation	Taylor	\$84,000.00
Sub Total			\$294,000.00

APPENIDIX C: *Recommendations for No Funding*

<i>App #</i>	<i>Project Name</i>	<i>County</i>
A2001-0825	Farmers Quality Meats, Inc. - Winston Davis	Grayson
A2002-0527	Kentucky FFA Leadership Training Center	Breckinridge
A2002-0638	Wine Vineyard Demonstration Project	Montgomery